

Chester J. Culver
Governor



Patty Judge
Lt. Governor

Iowa Lottery Report On Operations

To: Members of the House Government Oversight Committee and Senate Government Oversight Committee

**From: Ken Brickman, Chief Operating Officer and Acting CEO
Mary Neubauer, Vice President, External Relations**

Date: June 2008

The Iowa Lottery has seen strong sales throughout much of fiscal year 2008, with sales of its existing products increasing about 6 percent for the year through the end of May. However, this spring's devastating storms and flooding coupled with record-high fuel prices have had an impact on Lottery sales and are major factors that likely will continue to have an impact in the months and years to come. Iowa Lottery executives will continue to monitor developments in that regard and report to the Lottery Board, Department of Management and Government Oversight Committees if the Lottery's budget for fiscal year 2009 requires adjustment.

May is the latest month through which the Lottery has complete revenue and expense figures. The figures show that sales of existing Lottery products were up about 6.3 percent in FY 2008 compared to the same time period in FY 2007.

Sales of instant-scratch tickets, the first product introduced by the Iowa Lottery and always one of its sales leaders, were up 10.5 percent compared to a year earlier. Sales in Powerball, another large product category for the Lottery, had increased about 5.5 percent. Pull-tab sales were up about 1.3 percent.

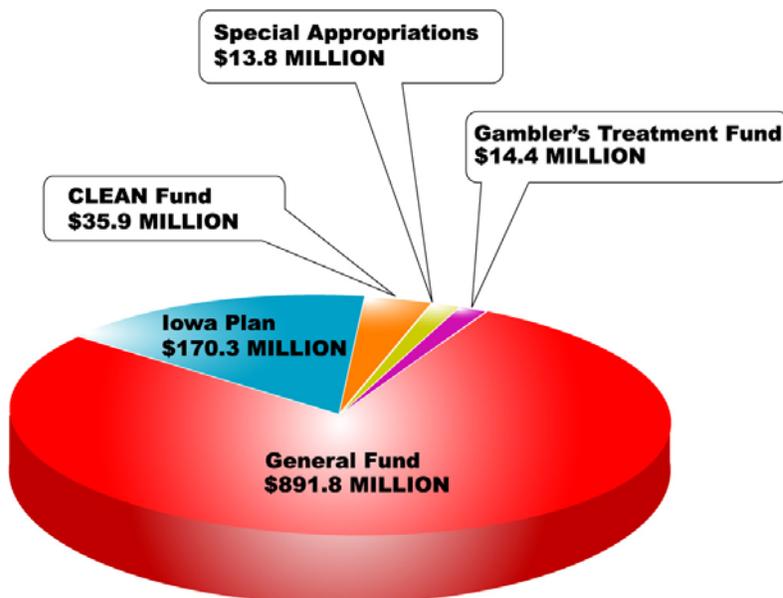
Hot Lotto sales for the year were down about 17 percent. Sales in the game had been lifted in 2007 by a \$19.9 million jackpot that was won by an Indianola man. That jackpot was the largest ever offered in Hot Lotto since its start in 2002.

Year-to-year comparisons for the lottery's sales categories are (July-May time period):

| | FY 2008 | FY 2007 | Approx. Change |
|-----------------------|----------------|-----------------|-----------------------|
| Instant-scratch games | \$127 million | \$114.8 million | + 10.6 percent |
| Pick 3 | \$5.9 million | \$5.7 million | + 3 percent |
| Powerball | \$60.1 million | \$57 million | + 5.5 percent |
| Hot Lotto | \$10.9 million | \$13.2 million | - 17 percent |
| Pick 4 | \$2.1 million | \$1.9 million | + 7.2 percent |
| \$100,000 Cash Game | \$3.9 million | \$4 million | - 1.2 percent |
| Pull-tab games | \$19.7 million | \$19.4 million | + 1.3 percent |

\$1.1 Billion In Lottery Proceeds To The State

Through May 2008, Lottery proceeds to state programs totaled more than \$1.1 billion. The figures below illustrate how Lottery profits have been used to benefit state programs since the Iowa Lottery's start in 1985:



\$170,318,439

Iowa Plan

The Iowa Plan was a long-term economic development program. The Iowa Plan was divided into four basic areas: a Jobs Now program designed to put people to work; government construction programs; community and economic betterment; and educational and agricultural research. Lottery profits were dedicated to the Iowa Plan from fiscal year 1986 through fiscal year 1990.

\$35,894,355

CLEAN Fund

The CLEAN Fund stood for Committing the Lottery to Environment, Agriculture and Natural Resources. The program dedicated money to environmental and cultural causes. Lottery profits were dedicated to the CLEAN Fund during fiscal year 1991.

\$891,833,001

General Fund

Within the state budget, the general fund provides money to a variety of vital projects in Iowa. Some of the programs that receive money from the general fund include education, natural resources, health and family services and public safety. The Governor and the Iowa Legislature allocate money from the general fund based on where they believe those funds are needed most. Since 1992, Iowa Lottery proceeds have been directed to the General Fund.

\$14,414,832

Iowa Gamblers Treatment Fund

The Iowa Lottery is committed to responsible play and helping to address the issue of compulsive gambling. The state Gambling Treatment Program provides treatment, counseling and outreach programs as well as the 1-800-BETSOFF helpline. Under Iowa law, 0.5 percent of Lottery profits are dedicated to the Gambling Treatment Program each year.

\$13,773,572

Special Appropriations

A portion of Lottery profits have been earmarked by the Legislature for specific purposes within the state budget.

Flood Damage and the Lottery

As noted at the beginning of this report, tornadoes and flooding have had a severe impact on Iowa this spring. The Iowa Lottery continues to work with its retailers to assess the extent of the damage in many locations in the state. The Lottery believes that about 30 of its retail locations have suffered damage that will keep them out of business for at least a short time. Some will be out of business for the long-term, while a few may not ever return to business. Lottery tickets, vending machines, sales terminals, electronic signs and other equipment in many of those locations have been severely damaged or destroyed.

The Lottery sells tickets in approximately 2,600 retail locations in Iowa, so the number of locations impacted is not a large percentage of its retailer base. However, the Lottery will have some losses from damaged tickets and equipment in the affected locations, and it will face a sales loss going forward in the locations that are unable to be open for business.

The Lottery is working with its retailers and the state auditor's office to determine appropriate loss adjustments. Lottery executives do not believe that any adjustment is necessary in the Lottery's FY 2008 budget, but will continue to monitor the situation as it may apply to the FY 2009 budget.

Lottery 2009 Budget

In the Lottery's December report to the Oversight Committees, it noted that the Lottery Board had approved the FY 2009 budget for the Lottery during its September meeting. The fiscal year 2009 budget was built upon the Lottery's totals for FY 2007, the latest fiscal year for which final figures are available.

At its June 13 meeting, the Lottery Board voted to reflect decisions that were made during the 2008 legislative session and an increase in fuel costs associated with the current record-high fuel prices.

As part of the Lottery's standard procedures, the Lottery provides copies of its budget each year to the Oversight Committees and enters the details into the state's I-3 accounting system so that the information is available to the Department of Management, the Legislative Services Agency and any other interested parties. In addition, detailed updates to the Lottery's sales and budget figures also are regularly provided through the state's I-3 accounting system.

Copies of the 2009 revised Lottery Operations budget and the revised budget for the Lottery Fund are both included with this report as **Attachments A and B**. Notations in the attachments show that the Lottery's estimates of its sales totals for FY 2009 were amended to reflect the additional games the Lottery will release with the proceeds from those games dedicated to veterans causes (see HF 2359); an increase in ticket stock and delivery costs associated with the security changes initiated by the Lottery following discussions with the Oversight Committees and Administrative Rules Review Committee during the 2008 session; salary-adjustment decisions from the 2008 session; as well as increased costs from the current record-high fuel prices.

Each year, the Legislature appropriates dollars from the general fund to the salary adjustment fund for distribution by the Department of Management to the various state departments, boards, commissions, councils and agencies. However, the Iowa Lottery does not receive any general fund money. Instead, the Lottery Board makes adjustments to the Lottery's budget, which is wholly comprised of funds raised by the Lottery, once the Legislature has made its salary-adjustment decisions. The salary adjustments include salary increases, increases in personnel health insurance, and increases in the employer match of deferred compensation as per the statewide collective bargaining contract.

Attachment C to this report provides a five-year overview of the Lottery's revenues and expenses, including year-to-date figures through May for FY 2008.

The voting members of the Iowa Lottery Board are: Mary Junge, an accountant and lawyer from Cedar Rapids; Elaine Baxter, a former state legislator and secretary of state from Burlington; Mike Klappholz of Cedar Rapids, retired Cedar Rapids chief of police; Tom Rial, a Des Moines marketing consultant; and Brad Schroeder, an attorney whose law practice is based in Des Moines. State Treasurer Michael Fitzgerald is an ex-officio member of the Board.

Latest Audit Of Iowa Lottery

Each year, the Iowa Lottery is audited by the State Auditor's Office. The auditors review all aspects of the Lottery's operations as required by state law. The auditor's efforts are in addition to the security and integrity standards the Lottery has adopted and employed throughout its operations to ensure the veracity of its games.

State Auditor David Vaudt released the results of the FY 2007 audit of the Lottery on Jan. 29. Copies of the audit are provided by the auditor's office to the governor, Department of Management, Legislative Services Agency, members of the Lottery board and the Lottery CEO. In addition, the audit report is available on the state auditor's Web site for all interested parties at: <http://auditor.iowa.gov/reports/reports.htm>.

The audit of the Lottery reported no material weaknesses in internal control over financial reporting and no instances of non-compliance or other matters reportable under Government Auditing Standards.

Raffle Game

In its December report, the Lottery provided details about the upcoming start of sales in its raffle game that would offer a top prize of \$1 million. As noted earlier in this report, sales in "Iowa's Million Dollar Raffle" game were impacted by the unforeseen circumstances that have devastated much of our state this year.



The Iowa Lottery had modeled its raffle game upon some of the best practices of raffle games that had been successfully offered by other lotteries around the country, including the length of sales in the game, the number of tickets that were offered and the game's top prize. The Lottery designed a \$20 game with sales that started April 13 and a June 17 drawing to help kick off the start of the summer season. The game offered:

- A total of 120,000 tickets with overall odds of 1 in 1,071.
- Top prize of \$1 million.
- One prize of \$100,000, 10 prizes of \$5,000 and 100 prizes of \$500.

Sales in Iowa's Million Dollar Raffle game ended June 14 with a total of 71, 273 tickets sold.

That amount was below the total number of tickets that were available and did not reach the Lottery's initial expectations. However, a series of weather-related disasters affected large portions of our state throughout the raffle game's sales period and definitely impacted its performance, not to mention the lives of Iowans in general. All of those weather-related issues were happening at the same time that gasoline prices rose until they topped \$4 a gallon in June and have continued to hover near that amount since then.

Iowans have had to make some very real-world decisions when it comes to protecting themselves, their families and their homes this spring. No one could expect folks to be concerned about buying Lottery tickets with such weather extremes impacting the state. The Lottery's concerns remain with the

multitude of people whose lives have been affected by this year's devastation and we hope our state can soon recover from these hardships.



Kimberly Edwards of Pleasant Hill receives a T-shirt as she claims her \$1 million raffle prize.

We hope that the proceeds from the sale of Lottery tickets can in some small way provide funding to help Iowa recover from these natural disasters.

The Lottery's drawing in its raffle game proceeded as scheduled June 17, and a ticket sold in eastern Iowa was selected as the game's top-prize winner. On June 18, a central Iowa woman claimed the \$1 million prize.

Kimberly Edwards of Pleasant Hill, who works as a utility operator on a natural gas repair crew for MidAmerican Energy, said she bought just two tickets in the game. She purchased the winning ticket at Kum & Go, 620 S. Downey in West Branch, when she and her husband stopped to buy gasoline while on their way to a weekend getaway in Chicago.

"We just stopped in West Branch to get gas," Edwards said. "We were just driving through - and they were very friendly! I'd stop there again!"

Edwards said she had been eyeing a new Harley Davidson motorcycle, and some of her winnings might go towards that. She said she and her husband also would do some financial planning with the raffle prize.

Iowa Lottery Games To Benefit Iowa Veterans

New Iowa Lottery games that begin sales in July will provide proceeds to support veterans and their families through the Iowa Veterans Trust Fund.

Gov. Chet Culver signed a new law in March that authorizes the Iowa Lottery to create two new instant-scratch games and two additional pull-tab games each year, with all profits from the games dedicated to the Iowa Veterans Trust Fund. The governor was joined by state legislators, government officials



and veterans from around the state on March 11 as he signed House File 2359 during a ceremony at the State Capitol.

"Iowa's veterans have served with dignity and with excellence, and all veterans have the gratitude of every citizen," Culver said. "Throughout my administration, I have been proud to stand up for these brave Iowans who have fought so hard for our state and nation. Now, we will stand up for them once more, and use Iowa Lottery profits to support our hometown heroes."

Rep. McKinley Bailey, D-Webster City, a U.S. Army veteran who served in Afghanistan and Iraq, was the main sponsor of the legislation to create Lottery games dedicated to veterans' causes.

"This allows us to make veterans a priority every day," Bailey said. "We will create a reliable source of funding for the Iowa Veterans Trust Fund. This is a great place to use the proceeds from Lottery tickets."



The Lottery's first games to benefit the Veterans Trust Fund will be available

starting in July. "Stars & Stripes" will be the first instant-scratch game dedicated to veterans' causes. The \$1 game has a red, white and blue theme and will begin sales on July 14. "All American" will be the first pull-tab game dedicated to the cause. The \$1 tickets will begin sales July 21 and feature artwork of several patriotic symbols including the Liberty Bell, Statue of Liberty and Uncle Sam.

The Lottery estimates that the new games will provide about \$2 million to \$3 million in proceeds annually to the Iowa Veterans Trust Fund.

The Iowa Veterans Trust Fund was created to provide assistance to qualified veterans to assist in paying for expenses such as:

- Travel expenses for wounded veterans directly related to follow-up medical care;
- Job training or college tuition assistance;
- Unemployment assistance during a period of unemployment due to prolonged physical or mental illness or disability resulting from military service;
- Dental, vision, and hearing assistance for veterans living in a long-term care facility or under a home healthcare contract (further asset limits apply);
- Benefits for a child or children of a disabled or deceased veteran following September 11, 2001; and
- Individual or family counseling programs (further asset limits apply).

In addition, funds are available for family and children support groups and honor guard reimbursement.

The Lottery plans to release another set of veterans-benefit games, likely in January, and then four more games will be released in each of the years to come.

Player Security



Earlier this year, we all discussed security issues involving Lottery products and possible changes in that regard that could be implemented by the Iowa Lottery. Lottery executives continue to emphasize that there have been no issues or complaints about Lottery security in our state, and the changes are designed to protect against even the possibility of fraud.

The Lottery notified legislators, the Lottery Board, and the governor's office at that time about the changes it was considering making. Following Board approval, the Lottery has moved ahead with changes. A news release and brochure explaining the changes are included in this report as **Attachment D**.

1. The Lottery filed an emergency administrative rules change that took effect March 15 to require that each Iowa Lottery ticket bear a signature before it can be validated. Retailers are required to verify that a ticket bears a signature before attempting to validate it. The Lottery appeared before the Administrative Rules Review Committee regarding the rules change on April 4, and the Lottery Board gave the rules change final approval on June 3.
2. The Lottery requested a computer-programming change to its sales and validations system so that a customer receipt and a retailer receipt are printed with each attempt to validate a lotto or instant-scratch ticket. The programming work was completed and the change was implemented May 5. The receipts are involved only for scratch and lotto tickets. Pull-tab tickets do not require receipts because they already include "built-in" receipts -- in addition to the play symbols that are printed under the tabs on a winning pull-tab ticket, the prize amount also is clearly displayed

to show any prize won. Nonwinning pull-tab tickets do not display prize amounts, eliminating confusion.

3. The Lottery developed and implemented a public service campaign to offer renewed reminders about player security issues, including the requirement that a Lottery ticket must bear a signature before it can be validated. The educational campaign informed the public that receipts are available with each Lottery ticket-validation attempt. It also included the reminder that if anyone ever has a question about a Lottery-related issue, they are welcome to contact the Iowa Lottery for assistance. The campaign began with the implementation of the signature requirement in March and was renewed in May when the printing of receipts began.

Responsible Play

Throughout its history, the Iowa Lottery has emphasized the importance of responsible play and provided daily reminders for 1-800-BETSOFF, the state's toll-free hotline that people can call if they have concerns about problem gambling. For example, in fiscal year 2007, the Lottery provided 1-800-BETSOFF information on all of its tickets and play slips, in monthly newspapers ads across the state and via daily information on its Web site.

The Lottery has continually worked to improve the ways it distributes information about responsible play, and this year teamed with administrators at the Iowa Gambling Treatment Program to revise the brochure it has had available for a few years regarding the Lottery's self-exclusion program. The new brochure incorporates information about the warning signs of problem gambling and ways that family members can help, as well as information about 1-800-BETSOFF and the Lottery's self-exclusion program.

Mark Vander Linden, coordinator of the Iowa Gambling Treatment Program, and Bob Kerksieck, a health facilities surveyor for the Iowa Department of Public Health, gave a presentation about the gambling treatment program to Lottery employees during the Lottery's 2008 annual meeting in June and unveiled the new brochure during their presentation.

Copies of the brochure will be distributed at Iowa Lottery retail locations and provided at Iowa Lottery offices around the state. Copies of the brochure also will be provided to administrators at the Iowa Gambling Treatment Program and distributed to the facilities that provide treatment through the program. A copy of the Lottery's new brochure is included in this report as **Attachment E**.

New Games Ideas And Projects

Midwest Millions



“Midwest Millions,” the nation’s first joint instant-scratch game, was a success for both of its participating lotteries. The game nearly sold out in Iowa, while the Kansas Lottery sold about 90 percent of its tickets in the game. Players in both states bought tickets and competed for prizes as part of one big game designed to test the “Powerball concept” that has worked so well in lotto games. The idea is that multiple lotteries join together to offer bigger prizes and more chances to win than they can achieve on their own, thus achieving greater sales.

The two states ended up with a nearly even split of sales and entries in the game’s second-chance drawings. Iowa led sales in the first drawing, garnering 59 percent of the entries to Kansas’ 41 percent. But Kansas came back to achieve 53 percent of the entries in the second drawing, with Iowa getting 47 percent.

Although both top-prize winners of \$500,000 in the drawings ended up being Iowa Lottery players, each state had multiple winners of \$1,000 prizes (there were 50 prizes of \$1,000 in each drawing). Overall sales in both states also were strong, with Iowa nearly selling out the game and Kansas selling about 90 percent of its tickets in a much shorter timeframe than is typical for a \$10 game.

Ralph Kuwamoto, a railroad worker from Lincoln, Neb., who bought a Midwest Millions ticket while working in Glenwood in southwest Iowa, won the top prize in the game’s first drawing, held Jan. 11 in Topeka, Kan. Stephen Zabel of Conesville in eastern Iowa was drawn as the \$500,000 prize winner in the April 18 drawing in Des Moines.

The two lotteries are planning a second joint scratch game, which also will be called Midwest Millions, with sales to begin in September. There will be a slight change to the second-chance drawings in the second version of the game. The location of the drawings will again be split between the two states, but each drawing will offer a top prize of \$500,000 and five prizes of \$10,000 to put even more emphasis on the fact that the game features large prizes.

Going Green



A lucky Iowa Lottery player will get to “go green” by winning a new, 2008 four-wheel drive Chevy Tahoe Hybrid® in the Lottery’s “Set of Wheels” promotion that began May 23.

The Tahoe Hybrid was named “Green Car of the Year” by the Green Car Journal and has won several automotive excellence awards at national auto shows. And, the Tahoe Hybrid offers up to 50 percent better city fuel economy over the non-hybrid Tahoe.

Players can enter the Set of Wheels second-chance drawing by visiting the Iowa Lottery’s Web site at www.ialottery.com and entering the serial number from a nonwinning \$20 “Set For Life” instant-scratch ticket. Entries will be accepted from noon on Friday through 11:59 p.m. on July 13.

The Iowa Lottery will draw eight semifinalist entries on July 15. Each semifinalist will get to be part of a final “reverse drawing” on Aug. 7 at the Iowa State Fair. During the State Fair event, semifinalists will be eliminated as their names are drawn until the final name remaining in the drawing drum wins the Tahoe Hybrid.

Each semifinalist invited to the event at the fair will receive hotel accommodations and \$200 spending cash from the Lottery. The semifinalists who do not win the sport utility vehicle also will receive a \$500 ethanol card they can use to purchase fuel. The SUV package winner will receive the vehicle, a \$500 ethanol card and \$1,000 cash.

Promoting Iowa Schools

Iowa Lottery players have the chance to “Fly With Cy” to Las Vegas for the Iowa St.-UNLV football game!

The Fly With Cy Game Day Getaway promotion begins July 18. Players can enter the promotion by visiting the Lottery’s Web site at www.ialottery.com and entering the serial number from a nonwinning \$3 “Twister” instant-scratch ticket. Entries will be accepted through 11:59 p.m. on Aug. 19.



The Iowa Lottery will draw 10 semifinalists on Aug. 21. Each semifinalist will win four tickets to the Sept. 6 Kent St.-Iowa St. football game in Ames and get to be part of a special event before the game. Two grand-prize winners will be chosen by the Lottery that day, and each of them will receive two tickets to the Iowa State-UNLV football game on Sept. 20. They’ll also receive round-trip airfare for two from Des Moines to Las Vegas, hotel accommodations for three nights, round-trip ground transportation to the game, \$500 in spending cash and all state and federal withholding taxes paid by the Lottery.

The grand-prize winners will be announced during an on-field presentation with the Lottery shown on the video board during the Kent St.-Iowa St. game in Jack Trice Stadium.

International Game Discussions

In the Lottery’s 2007 reports to the Oversight Committees and in appearances and memos provided to the committees since then, the Lottery has provided initial details about discussions for a possible international lotto game.

As the Lottery has reported earlier, possible plans for such a game remain in the discussion stage, and any game agreement will require approval from the Iowa Lottery Board. The Iowa Lottery continues to monitor any developments regarding a possible international game, but is not taking a leadership role in organization of such a game. The Lottery will continue to inform the Government Oversight Committees of developments as discussions continue.

Discussion of a possible international game has been underway since 2001. Several different game ideas, prize structures and game names have been discussed through the years, although final decisions have never been made.

The Board of the Iowa Lottery voted in 2003 to approve an agreement to participate in what was then being called the International Lottery Alliance, which was administered by the Urbandale-based Multi-State Lottery Association, the same organization that administers games such as Powerball and Hot Lotto on behalf of member lotteries (including the Iowa Lottery).

The idea has continued to percolate in the years since, and as has earlier been reported to the committees, it is being discussed again now. The issues that must be considered include tax and international business law, organizational structure, currency differences and game design.

Continuing Issues

Income Offset Program

During the 2008 session, legislation was passed that will require Iowa casinos to participate in the state income-offset program. The legislation requires that casinos run government database checks on the

names of all gamblers winning \$10,000 or more and deduct amounts owed to government entities from their winnings. Debts can include income taxes, child support and court fines among others.

The Lottery has received a number of questions regarding that legislation and its own participation in the income offset program, so we are providing details in this report.

The Lottery has participated in the state income-offset program since at least the early 1990s. All Lottery prizes of more than \$600 must be claimed at an Iowa Lottery office, and the income-offset program applies to all of those prizes. Some winners of smaller amounts also claim their prizes at Lottery offices, and the Lottery checks all winners of \$100 or more against the income-offset database. Debts owed in the program are deducted from those Lottery winnings.

TouchPlay Lawsuits

During the 2006 session of the Iowa Legislature, legislation was passed that banned the operation of TouchPlay machines in Iowa. The Lottery took steps to ensure that all machines were shut down by the deadline established in the legislation and all machines in the state were disabled by 11:59 p.m. May 3, 2006. The companies that owned the equipment have since removed the machines from retail locations.

Numerous companies involved in the TouchPlay project have filed lawsuits over the shutdown of the program. As of June, separate lawsuits remain pending in state courts. In addition, several companies that were retailer-operators in the TouchPlay program owe the Lottery money from the sales on the machines. The Lottery collected revenues through electronic funds transfers (EFT) from the companies' accounts. In the final weeks of the program, the Lottery was unable to collect funds from some of those accounts. As of June, 13 companies owed the Lottery a total of about \$1.9 million, and the Lottery had filed counter-claims in court against 12 of those companies to try to collect the money that is owed.

The Lottery continues to work with the Iowa Attorney General's Office about the TouchPlay-related legal matters. Under instructions from the Attorney General's office, the Lottery is refraining from commenting further about the TouchPlay-related legal matters, other than to provide this listing of the lawsuits and their status:

1. Hawkeye Commodity Promotions, Inc.
(U.S. District Court, Northern District of Iowa, No. 06-CV-2026)
(8th Circuit Court of Appeals, No. 06-2406)
Hawkeye Commodity's request for an injunction was denied by the U.S. District Court. The case was appealed to the 8th Circuit Court of Appeals, which upheld the lower court's ruling. The time period for appealing that decision to the U.S. Supreme Court has expired and the case is closed.
2. Royal Financial; No. CL102586 (Polk County District Court)
The case was settled in August 2007. The state of Iowa paid \$1,671,370.50 to Royal Financial.
3. Camden; No. LACV055187 (Linn County District Court)
The case was settled in February 2008. The state of Iowa paid \$1,050,000 to Camden. The state also paid Greater America Distributing \$290,000 to satisfy a claim made against Camden by Greater America Distributing. The Lottery's counterclaim was dismissed.
4. Siggins et al.; No. EQCL53324 (Polk County District Court)
Trial date scheduled for Sept. 8, 2008.
Settlement has been reached with three litigants in the Siggins lawsuit. However, claims by the other litigants remain.
5. Howard Music; No. 107194 (Scott County District Court)
Trial date is scheduled for Nov. 3, 2008.
6. Return LLC; No. LACV061432 (Linn County District Court)
Petition received April 14, 2008.

7. Richard Ramsey; No. LACV061432 (Linn County District Court)
Petition received April 14, 2008.
8. Red Line Vending, Inc., et al.; No. LACV 029076 (Floyd County District Court)
Petition filed May 5, 2008.
9. Curt Green, d/b/a Green Amusement Co.; No. LACV 313143 (Webster County District Court)
Petition filed April 21, 2008.

CEO Retirement

On Oct. 31, 2007, Ed Stanek retired as the Iowa Lottery's CEO. Stanek had led the Lottery since its start in 1985 and had worked in state government for 35 years. Stanek's successor will be appointed by Governor Chet Culver and require confirmation by the Iowa Senate. Iowa Lottery chief operating officer Ken Brickman has served as acting CEO since Stanek's retirement.

New And Expanding Casinos In Iowa

In calendar year 2006, three new casinos opened in Iowa while another opened in early 2007. Expansions also are underway at several existing casino properties in Iowa, and a riverboat casino that currently splits its time between Fort Madison and Burlington has been given permission to operate as two permanent casinos in each of those communities.

While the Iowa Lottery does not consider itself to be in direct competition with casinos, it does compete with them and any other entertainment venue for consumers' disposable income. When riverboat gambling was introduced in Iowa in the early 1990s and slot machines underwent a major expansion in the mid-1990s, there was a noticeable, negative impact on Iowa Lottery sales. After experiencing multiple-year declines, Lottery sales in Iowa eventually stabilized and began to rebound in 2002. Lottery executives will continue to monitor casino expansion in Iowa and the potential impact that could have on Lottery sales.

U.S. Internet Gambling Legislation And The World Trade Organization

The debate over Internet gambling and U.S. legislation to try to curtail it continues.

The U.S. Congress passed legislation in September 2006 designed to prohibit illegal Internet gambling. The legislation is intended to make it illegal for banks and credit card companies to make payments to illegal online gambling sites. Estimates before Congress took action were that more than \$12 billion was being wagered annually through more than 2,300 gambling Web sites, many of which were run from outside the United States.

In addition, leaders from the small Caribbean nation of Antigua and Barbuda continue to try to impose \$3.4 billion in trade sanctions against the United States, claiming that the U.S. Internet gambling legislation has severely its annual revenue from Internet gambling. The island nation had filed a complaint against the United States with the World Trade Organization, basing its arguments on the General Agreement on Trade in Services (GATS) that was signed in 1994.

A WTO dispute panel and appeals body both have found for the island nation. Under GATS, the United States agreed that it would not enact any laws or take any action that would be counter to open trade among nations signing the agreement. The United States agreed that entertainment and recreational services would be covered in GATS, but later argued that it did not mean for gambling to be included in that category.

Antigua & Barbuda had argued that because the United States allows casinos, lotteries and other forms of betting, it has no basis to claim that gambling shouldn't be included in GATS. The outcome of the Antigua & Barbuda dispute remains to be seen.

In late June, the Congressional debate over Internet gambling came to the forefront again when a U.S. House committee failed to pass legislation that would have required regulators to develop standard definitions of the types of Internet gambling that are illegal.

The debate over the issue will continue, and Iowa Lottery executives will continue to monitor developments.

Budget for Lottery Fund

| | 2009 ORIGINAL BUDGET | 2009 PROPOSED AMENDED BUDGET | |
|-----------------------------------------------------------------|-------------------------|---------------------------------|---------------|
| Resources | | | |
| Lottery Sales | 235,000,000 | 245,330,000 | (1) |
| Interest | 570,000 | 570,000 | |
| Application Fees | 5,000 | 5,000 | |
| Other | 5,000 | 5,000 | |
| Total Resources | 235,580,000 | 245,910,000 | |
| Expenditures | | | |
| Prizes | 130,645,384 | 136,539,184 | (1) |
| Retailer Compensation | 14,500,000 | 15,080,000 | (1) |
| Marketing, Education and Information | 9,400,000 | 9,813,200 | (1) |
| Retailer Lottery System | 7,300,000 | 7,762,000 | (1), (2) |
| Instant/PT Ticket Expense | 2,400,000 | 2,496,000 | (1) |
| Terminal Communications | 425,000 | 425,000 | |
| Terminal equipment/Ticket dispensers | 100,000 | 100,000 | |
| PTVM/ITVM Servicing | 525,000 | 525,000 | |
| Interest Expense (ITVM/PTVM/BUILDING) | 50,000 | 50,000 | |
| Depreciation Expense (ITVM/PTVM/BUILDING) | 1,222,588 | 1,222,588 | |
| Refunds/Other | 2,100 | 2,100 | |
| Lottery Operations | 11,604,616 | 11,686,616 | (3) |
| Total Expenditures | 178,174,688 | 185,701,688 | |
| Net Income | | | |
| Prior to Net Asset Change | 57,405,312 | 60,208,312 | |
| Increase (decrease) in net assets | (1,122,588) | (1,122,588) | |
| After Net Asset Change | 58,527,900 | 61,330,900 | |
| Transfers | | | |
| Proceeds Transfer | 57,350,000 | 57,090,040 | (1), (2), (3) |
| Veterans Transfer | - | 3,011,310 | (1) |
| Gamblers Treatment Transfer | 1,177,900 | 1,229,550 | (1) |
| Total Expenditures, Transfers & Change in Net Assets | 235,580,000 | 245,910,000 | |

- (1) - Increase in sales and related expenses due to the addition of Veterans' games.
(2) - Increase in ticket stock and delivery costs due to addition of customers' receipts.
(3) - Increase in costs due to gasoline price increases.

Lottery Operations - Budget Detail

| | 2009 BOARD APPROVED BUDGET | 2009 PROPOSED AMENDED BUDGET |
|-----------------------------------------|-------------------------------|---------------------------------|
| Personnel - Salaries | 9,360,541 | 9,387,541 |
| Personnel -Travel in State | 110,000 | 110,000 |
| State Vehicle Operation | 300,000 | 355,000 |
| Vehicle Depreciation | 170,010 | 170,010 |
| Personnel -Travel out of State | 40,000 | 40,000 |
| Office Supplies | 85,000 | 85,000 |
| Facility Maintenance Supplies | 15,000 | 15,000 |
| Other Supplies | 1,000 | 1,000 |
| Printing and Binding | 22,000 | 22,000 |
| Postage | 45,000 | 45,000 |
| Communications | 130,000 | 130,000 |
| Rentals | 280,000 | 280,000 |
| Utilities | 116,515 | 116,515 |
| Prof & Scientific Services | 90,000 | 90,000 |
| Outside Services | 74,060 | 74,060 |
| Outside Repairs | 100,000 | 100,000 |
| Attorney General | 116,190 | 116,190 |
| Auditor of State | 80,000 | 80,000 |
| Reimbursement to Other Agencies | 202,000 | 202,000 |
| ITS Reimbursement | 40,000 | 40,000 |
| Equipment | 20,000 | 20,000 |
| Equipment Non Inventory | 25,000 | 25,000 |
| IT Equipment (Inventory, non-inventory) | 70,000 | 70,000 |
| Other Expenses | 110,000 | 110,000 |
| Fees | 2,300 | 2,300 |
| Total Lottery Operations | 11,604,616 | 11,686,616 |
| | | |
| 2009 APPROVED BUDGET | | 11,604,616 |
| SALARY ADJUSTMENT | | 27,000 |
| INCREASE IN GASOLINE PRICES | | 55,000 |
| 2009 AMENDED BUDGET REQUEST | | 11,686,616 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEARS 2004 THROUGH YTD 2008

| | Fiscal Year 2008 - As of 5/31/08 | Fiscal Year 2007 | Fiscal Year 2006 | Fiscal Year 2005 | Fiscal Year 2004 |
|------------------------------------|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Instant ticket sales | \$126,960,113 | \$125,147,976 | 106,562,536 | \$103,259,272 | \$95,258,080 |
| Pick 3 sales | 5,860,480 | 6,282,529 | 6,056,037 | 6,200,109 | 6,333,801 |
| Powerball sales | 60,148,565 | 61,548,520 | 71,110,985 | 54,244,379 | 65,967,337 |
| Hot Lotto sales | 10,932,386 | 14,453,908 | 9,634,818 | 10,443,903 | 7,717,962 |
| Freeplay Replay sales | | | | | 77,330 |
| Pick 4 sales | 2,135,651 | 2,224,092 | 2,066,769 | 2,042,499 | 1,662,015 |
| \$100,000 Cash Game sales | 3,970,331 | 4,362,916 | 4,323,511 | 4,426,833 | 4,430,118 |
| Touch Play Machine (Net Receipts) | | (77,671) | 123,887,516 | 6,428,123 | 303,079 |
| Touch Play Uncollected Amounts | | | (2,436,987) | | |
| Monitor Vending Machine sales | | | | | 1,257,087 |
| Pull-tab sales | 19,725,631 | 21,058,969 | 18,314,338 | 23,624,094 | 25,528,391 |
| Application fees | 4,725 | 6,325 | 60,525 | 61,225 | 18,450 |
| Other revenue | 40,010 | 147,426 | 1,326,245 | 275,806 | 1,351,802 |
| Total operating revenues | 229,777,892 | 235,154,990 | 340,906,293 | 211,006,243 | 209,905,452 |
| OPERATING EXPENSES | | | | | |
| Instant Prize expense | 79,830,270 | 76,461,872 | 64,494,790 | 60,759,895 | 55,231,504 |
| Pick 3 prize expense | 3,459,280 | 3,710,127 | 3,533,969 | 3,596,814 | 3,723,158 |
| Powerball prize expense | 29,006,765 | 29,416,275 | 34,745,273 | 25,878,086 | 31,756,964 |
| Hot Lotto prize expense | 5,289,681 | 7,097,545 | 4,683,123 | 5,111,857 | 3,761,399 |
| Rolldown prize expense | | | | | |
| Freeplay Replay Prize Expense | | | | | 35,897 |
| Pick 4 prize expense | 1,245,831 | 1,202,769 | 1,042,785 | 1,179,953 | 899,662 |
| \$100,000 Cash Game prize expense | 2,373,642 | 2,212,777 | 2,036,709 | 1,897,416 | 1,907,647 |
| Monitor Vending prize expense | | | | | 945,638 |
| Pull-tab prize expense | 12,342,102 | 13,103,358 | 11,395,588 | 14,699,032 | 15,884,332 |
| Promotional prize expense | 97,177 | 152,137 | 326,367 | 332,620 | 310,761 |
| Advertising/Publicity | 6,619,096 | 6,277,829 | 6,952,369 | 5,911,199 | 6,115,714 |
| Retailer compensation expense | 14,402,683 | 14,674,744 | 107,849,743 | 17,341,859 | 13,303,839 |
| Ticket expense | 2,225,154 | 2,626,607 | 2,348,063 | 3,010,793 | 2,941,336 |
| Vendor compensation expense | 7,215,664 | 7,339,692 | 6,754,262 | 6,218,221 | 6,175,342 |
| Personnel (including all benefits) | 7,996,101 | 8,412,628 | 8,462,406 | 7,516,410 | 7,332,053 |
| Travel | 402,616 | 396,384 | 366,149 | 389,080 | 321,020 |
| Supplies | 103,045 | 97,168 | 143,139 | 103,143 | 106,211 |
| Printing | 15,977 | 22,485 | 34,253 | 24,621 | 42,445 |
| Postage | 3,128 | 44,942 | 48,990 | 30,781 | 12,499 |
| Communications | 514,272 | 544,149 | 652,191 | 550,034 | 501,491 |
| Rentals | 252,104 | 276,385 | 366,065 | 1,527,912 | 2,610,251 |
| Utilities | 109,058 | 91,013 | 114,856 | 84,421 | 67,886 |
| Professional fees | 74,259 | 91,137 | 83,723 | 161,862 | 82,458 |
| Vending machine maintenance | 451,474 | 492,576 | 492,576 | 219,960 | |
| Outside services & repairs | 229,587 | 182,157 | 213,512 | 67,050 | 65,940 |
| Data processing | 34,927 | 38,380 | 22,908 | 18,256 | 10,321 |
| Equipment | 144,438 | 238,897 | 164,950 | 1,501,912 | 133,976 |
| Reimbursement to other | | | | | |
| state agencies | 449,550 | 350,385 | 312,079 | 364,998 | 353,295 |
| Depreciation | 1,290,225 | 1,415,964 | 1,417,593 | 625,490 | 116,318 |
| Other | 153,346 | 124,649 | 152,839 | 128,331 | 83,791 |
| MUSL administrative expense | 0 | (32,454) | 85,289 | 118,272 | 230,810 |
| Total operating expenses | 176,331,452 | 177,062,577 | 259,296,559 | 159,370,278 | 155,063,958 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEARS 2004 THROUGH YTD 2008

| | <u>Fiscal Year 2008 - As of 5/31/08</u> | <u>Fiscal Year 2007</u> | <u>Fiscal Year 2006</u> | <u>Fiscal Year 2005</u> | <u>Fiscal Year 2004</u> |
|--------------------------------------------|---------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Operating income (loss) | 53,446,440 | 58,092,413 | 81,609,734 | 51,635,965 | 54,841,494 |
| Non-operating revenue (expense) | | | | | |
| Interest income | 571,489 | 821,922 | 938,212 | 608,980 | 567,843 |
| Interest expense | <u>(105,362)</u> | <u>(175,147)</u> | <u>(240,811)</u> | <u>(210,746)</u> | <u> </u> |
| Income before transfers | 53,912,567 | 58,739,188 | 82,307,135 | 52,034,199 | 55,409,337 |
| Transfer to Gambler's Treatment Program | (1,151,614) | (1,179,883) | (1,709,221) | (1,058,074) | (631,416) |
| Transfer to State | <u>(51,426,150)</u> | <u>(56,970,554)</u> | <u>(79,166,575)</u> | <u>(50,036,035)</u> | <u>(55,160,347)</u> |
| Change in net assets | 1,334,803 | 588,751 | 1,431,339 | 940,090 | (382,426) |
| Net assets, beginning of period | <u>4,354,379</u> | <u>3,765,628</u> | <u>2,334,289</u> | <u>1,394,199</u> | <u>1,776,625</u> |
| Net assets, end of period | <u><u>\$5,689,182</u></u> | <u><u>\$4,354,379</u></u> | <u><u>\$3,765,628</u></u> | <u><u>\$2,334,289</u></u> | <u><u>\$1,394,199</u></u> |

Claim Your Prize

You must sign the back of the ticket before claiming. Prizes up to \$100 may be redeemed at any retail location. Prizes from \$101 to \$600 may be paid by the retailer if sufficient funds are available. Claim prizes over \$600 by signing the back of the ticket and submitting with a completed claim form to any of the Lottery offices listed below. A prize can be claimed by signing the ticket and mailing it with a claim form to: Iowa Lottery, P.O. Box 10474, Des Moines, Iowa 50306-0474. Parent or guardian must also sign form for any claimant who is a minor.

Visit www.ialottery.com

The Iowa Lottery is committed to ensuring that all aspects of our games are conducted in a secure manner with fairness and integrity. The Iowa Lottery Web site at www.ialottery.com has a complete Player Security section where you can find suggestions to keep our games fun and safe, an explanation of the security reminders printed on Iowa Lottery tickets, information about protecting yourself from lottery scams and instructions on how to report a scam to the Iowa Lottery and other government agencies. Our web site has information updated daily. You'll also find the latest winning numbers and jackpot information, the VIP Club, possible rule changes, promotions and more in a user-friendly, quick-downloading environment.

Drawing Results

The Lottery recommends players use the following sources to determine winning tickets: watch the televised drawing (if available); check the lottery home page at www.ialottery.com; ask retailers to print winning numbers from the terminal; call Lottery offices (numbers listed below); listen to results on local radio stations (if available); check results in local newspapers (if available).

Lottery Offices

**Offices open Mon. - Fri., 8 a.m. to 4 p.m.
Closed on state holidays.**

2323 Grand Ave., Des Moines, IA 50312-5307
515-725-7900 For winning numbers call: 515-323-4633

2345 Blairs Ferry Road N.E., Cedar Rapids, IA 52402-1918
319-395-9313 For winning numbers call: 319-393-7884

2900 Fourth St. S.W., Mason City, IA 50401-1531
641-424-6011 For winning numbers call: 641-424-9111

822 Flindt Drive, Storm Lake, IA 50588-3205
712-732-6662 For winning numbers call: 712-732-2558

Omni Centre, Ste. 8, 300 W. Broadway, Council Bluffs, IA 51503-9030
712-242-2161 For winning numbers call: 712-242-2163

**IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING ADDICTION PROBLEM,
CALL 1-800-BETS OFF**

For Immediate Release
Monday March 10, 2008

More Information:
Mary Neubauer, 515.725.7906
mneubauer@ialottery.com
or
Tina Potthoff, 515.725.7843
tpotthoff@ialottery.com

IOWA LOTTERY ENHANCES PLAYER SECURITY WITH “SIGN IT. IT’S YOURS.”

Players Must Sign Lottery Tickets Before Retailers Can Check or Cash Them

Digital sound featuring comments from Iowa Lottery Vice President Mary Neubauer is available in mp3 format on the Iowa Lottery’s Web site at:

<http://www.ialottery.com/Pressroom/mp3files/031008PlayerSecurity.mp3>.

A digital image in JPEG format of the Iowa Lottery’s new “Sign it. It’s Yours.” logo is available at:

<http://www.ialottery.com/Images/PlayerSecuritySeriously1.jpg>.

A short video explaining the new process is available to view on the Iowa Lottery’s Web site at www.ialottery.com.

DES MOINES, Iowa – The Iowa Lottery is enhancing player security procedures with new initiatives taking effect this spring.

The first change will be implemented Saturday. As of that day, players presenting Iowa Lottery tickets to retailers will have to sign the backs of their tickets before they can be checked or cashed.

As part of its commitment to player security, the Iowa Lottery also is implementing a new public awareness campaign called “Sign it. It’s yours.” The campaign will inform the public about the new procedures. Radio, television and print advertising will address players’ rights and responsibilities when it comes to checking and cashing lottery tickets.

Signing the ticket is designed to protect against the possibility of fraud and ensure that players are paid the prizes they rightfully have won, said Ken Brickman, the lottery’s chief operating officer and acting CEO.

“Iowa has had a very strong record regarding lottery security, and the changes we are implementing are designed to protect against even the possibility of fraud,” Brickman said. “The new procedures are part of the lottery’s commitment to integrity.”

The new signature rule applies to all Iowa Lottery tickets – lotto, instant-scratch and pull-tab. Players must sign the back of any ticket before it can be checked or redeemed. For any pull-tab ticket that does not have a signature line, players will be asked to sign at the bottom of the back of the ticket. Individuals who refuse to sign the back of their lottery tickets will not be allowed to have them checked or cashed at any Iowa Lottery retail location.

In May, another initiative will begin. Receipts will be available for every instant-scratch or lotto ticket that is checked or cashed. Two receipts will be printed – one for the retailer and one for the lottery player – that will show the results of a particular ticket and whether it has won a prize. Receipts will not be involved for pull-tab tickets, as the amount of any pull-tab prize won is already printed on the front of the ticket.

The Iowa Lottery also reminds the public that there are a variety of ways to learn about the lottery and its products:

- **Watch the televised drawings in lotto games.**
- **Check information on the lottery Web site at www.ialottery.com.**
- **Ask a retailer to print winning numbers reports from the lottery terminal.**
- **Call one of the lottery's five regional offices around the state for information.**
- **Listen to lottery results on local radio stations.**
- **Check lottery results in local newspapers.**
- **Call the lottery's winning numbers hot line at 515-323-4633.**
- **Sign up for the lottery's VIP Club and receive e-mails of winning numbers and drawing results.**
- **Sign up for the lottery's text-messaging service that sends winning numbers and other information directly to a player's text-enabled mobile device.**

Since the Iowa Lottery's inception in 1985, more than \$2.1 billion has been awarded in prizes and more than \$1.1 billion has been raised for state programs.

###

For most people, gambling is a form of recreation and entertainment. According to a study from the Iowa Gambling Treatment Program*, 88 percent of Iowans 18 years and older have participated in some form of gambling. Approximately 3 percent of those indicated problems with gambling.

This brochure is designed to help Iowans understand problem gambling, which can take over lives while ruining careers, education, health and relationships.

Some of the reasons people gamble too much is because they:

- Believe winning big will solve their problems.
- Seek escape and relief from stress, grief, boredom or hopeless situations.
- Are in troubled relationships and feel lonely, helpless or depressed.
- Are tired and emotionally drained.

* Source: Gambling and Problem Gambling in Iowa: A Replication Survey. Prepared/conducted by Rachel A. Volberg, Ph.D.



Responsible Gambling Awareness Is A Cornerstone Of Iowa Lottery Operations

Every year, the Iowa Lottery provides millions of reminders to the public about responsible play and how to find help if gambling becomes more than just a game for you.

From 1-800-BETSOFF messages printed on the back of every lottery ticket sold in Iowa, to stickers that are placed on lottery machines around the state and information that is available around the clock on the lottery Web site, the Iowa Lottery stresses the importance of social responsibility.

\$14,315,423 Iowa Gambling Treatment Fund

In addition, a portion of Iowa Lottery profits are dedicated each year to the Iowa Gambling Treatment Program to inform Iowans about the risks of gambling and provide help to those for whom gambling has become a problem. Through the years, the lottery has provided more than \$14 million in funding to the Gambling Treatment Program.

Iowa Lottery Regional Office Locations

Des Moines:

2323 Grand Ave. • 515-725-7900

Cedar Rapids:

2345 Blairs Ferry Road N.E. • 319-395-9313

Mason City:

2900 Fourth St. S.W. • 641-424-6011

Storm Lake:

822 Flindt Drive • 712-732-6662

Council Bluffs:

Omni Centre • Ste. 8 • 300 W. Broadway
712-242-2161

www.ialottery.com

Taking The First Step

Help Is Available For Problem Gambling



At the Iowa Lottery, we've offered fun and entertainment since 1985 and are committed to helping our players participate responsibly.

If gambling becomes more than just a game for you or a loved one, help is available. There are treatment options statewide. The lottery's voluntary self-exclusion program is one tool you may wish to use.

Please read this brochure to learn more.

Problem gambling can affect almost anyone. It has an impact on people of every age, sex, race, religion and socio-economic group.

Casino games, horse racing, cards, sports betting, Internet gambling, dog racing, bingo, lottery games and stocks and commodities all hold the potential to cause problems.



Play Responsibly

Be a low-risk gambler. Remember, even if you are lucky at times, over time you will lose money. By following these tips for low-risk gambling, you can keep gambling a game:

- Remember that lottery games and other types of gambling activities are for entertainment only and are not a way to make money.
- Decide on a loss limit before buying a lottery ticket or participating in gambling activities. Stay within that limit.
- Never borrow money to gamble (using a credit card is a form of borrowing money).
- Remember there is no special method or ability that makes you have an advantage with games of chance such as lottery games.
- Gamble with money set aside for entertainment, never with money for everyday expenses.
- Be sure to include other forms of entertainment in your life.
- Don't gamble when highly stressed, depressed or troubled in any way.

Source: Responsible Gambling Council, www.responsiblegambling.org or 1-888-391-1111. Another leading source of information about responsible gaming is the National Council on Problem Gambling, www.ncpgambling.org or 1-800-522-4700.

How You Can Take The First Step

- Call 1-800-BETSOFF for help.
- Enroll in the lottery's statewide voluntary self-exclusion program.

Help Is Available In Our State

Help is available in Iowa if you have a gambling problem. The Iowa Gambling Treatment Program offers individual, group and financial counseling for persons with gambling problems, family members and concerned others. All services are offered on a sliding fee scale through a statewide network of agencies.

If you or someone you know has a gambling problem, get help. Call 1-800-BETSOFF.

Signs of Problem Gambling

- Gambling escalates, taking more risk to maintain excitement.
- Can't stop gambling when ahead.
- Promise not to gamble again but do, no matter how hard they try.
- Gamble longer than intended.
- Bet "over their head" and then "chase" losses.
- Lie to family and others about how much they gamble.
- Miss work/family commitments because of gambling.
- Distracted from other aspects of life by the time spent thinking about gambling.

How You Can Help A Friend, Family Member or Co-worker Who Has A Gambling Problem

- Do encourage them to get help.
- Do offer to attend meetings with them.
- Do take over finances.
- Do confront the situation.
- Don't deny the problem.
- Don't bail them out.
- Don't make excuses for them.
- Don't blame yourself.

1-800-BETS OFF

Iowa Lottery Voluntary Self-Exclusion Program

Since December 2005, the Iowa Lottery has offered a program that allows lottery players who are concerned about their gambling activities to enter into lifetime self-ban agreements with the lottery.

How The Program Works

Players who wish to enter into lifetime self-ban agreements with the lottery sign contracts provided by the lottery and have them notarized, then return them to the lottery. In the contracts, players acknowledge that they are problem gamblers, and that they want to reduce the incentive to play lottery games by entering into voluntary self-exclusion agreements restricting them from claiming prizes at lottery offices. The ban prohibits players from claiming all prizes of more than \$600, as those must be claimed at a lottery office.

The lottery maintains a computer database containing the names and Social Security numbers of those who have signed the contracts. The lottery checks information against the database whenever someone tries to claim a prize at an Iowa Lottery office. Those on the list are denied prize payment. The lottery also removes from any mailing or promotional lists the names of those who enter into self-ban contracts.

Where To Get Self-Exclusion Forms

You may download and print the most current version of the form from the lottery's Web site. Go to the lottery's home page at www.ialottery.com and the link to the self-exclusion form. You can visit any Iowa Lottery regional office and staff will assist you in obtaining and filling out the form. Forms are also available through the Iowa Gambling Treatment Program and may be notarized at local treatment providers if that service is available. When the form is completed and notarized, it should be returned to any Iowa Lottery regional office (see back page for addresses).